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Medium Term Financial Strategy 2020/21 to 2023/24

Annual Budget 2020/21

“Investing in Policing and
Communities to prevent crime”



The Medium Term Financial Strategy : 2020/21 To 2023/24

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1. POLICE AND CRIME PLAN

Relationship between the Medium Term Financial Strategy and the Police and Crime Plan

The Police and Crime Commissioner (PCC) has a statutory duty to produce a Police and Crime Plan. The Plan must set out the priorities for policing and community safety in Devon, Cornwall and the Isles of Scilly along with the resources that will be provided to the Chief Constable and others in order to meet those objectives. The Plan must be kept under regular review to ensure it remains appropriate to the needs of local people, the police and partners. The Plan is subject to scrutiny by the Police and Crime Panel.

The Police and Crime Plan can be found at:

<http://www.devonandcornwall-pcc.gov.uk/information-hub/key-documents/>

The Medium Term Financial Strategy is created to support delivery of the Police and Crime Plan. It sets out both the funding available and the forecast spending required to deliver the Plan priorities.

Police and Crime Plan

The Police and Crime Plan was refreshed in April 2017 and continues to be informed by the Peninsula Strategic Assessment. The Plan runs until 2020 and sets out the PCC's five priorities for Devon and Cornwall, including:

- ❖ Connecting our communities and the police – through a new Local Policing Promise to ensure policing in the local area is 'Accessible, Responsive, Informative and Supportive'
- ❖ Preventing and deterring crime – so we can stop people becoming victims of crime and help them move on with their lives
- ❖ Protecting people at risk of abuse and those who are vulnerable – safeguarding the vulnerable and keeping them safe from harm
- ❖ Providing high quality and timely support to victims of crime to help them recover and to get justice by improving the criminal justice system
- ❖ Getting the best out of the police – making best use of our resources, supporting and developing our workforce and working well in partnership with others.

This is the fourth, and final, year of this Plan which will remain the focus for the financial year 2020/21. The PCC will continue to work closely with the Chief Constable and colleagues across the Peninsula to drive forward progress against these priorities.

During 2019 the PCC and the Chief Constable continued to work together to embed an enhanced focus in Devon and Cornwall on road safety.

This MTFS includes the impact for Devon, Cornwall and the Isles of Scilly on the national uplift in officer numbers. The first phase of the increase has been announced with an increase of 141 officers for the area.

The Police and Crime Plan places a strong emphasis on protecting the vulnerable in our society. There has been significant progress but the work continues to encourage the

reporting of crime and encouraging victims to come forward and seek justice and to ensuring that they receive a high quality service when they do come forward.

As part of the 2020/21 budget process we have identified areas of investment which include a violent crime prevention approach, with a year one investment of £1million. This will be a joint venture between the OPCC and Devon and Cornwall Police, which will seek to secure further financial and organisational support through partnerships across public health, local government and other organisations to get to the root cause of violence crime with the aim of building safer and more resilient communities. Areas of focus could include preventing the number of homicides in the force area, domestic abuse related violence and violence relating to the exploitation of vulnerable victims and associated activity such as county lines and misuse of drugs.

Connectivity remains at the heart of the PCCs Police and Crime Plan and the introduction of a new connectivity framework in 2018 and a series of 10 minimum standards on connectivity are a key focus. It remains vital that the public are able to access and contact the police and improvements in this area, including the 101 service will continue under the Plan with the introduction of improved ICT systems in the summer of 2019 alongside continued growth of the new 101 webchat service which was launched in late 2018.

Delivery & accountability

The Police and Crime Plan will be delivered by the PCC with close co-operation from the Chief Constable and partners taken forward through shared action plans and joint projects.

The Plan details how strategic measures and indicators including qualitative surveys will be used to monitor its implementation and successful achievement.

Regular progress reports will be published on the OPCC website.

The Police and Crime Commissioner is required to report regularly to the Police and Crime Panel.

Slavery and Human Trafficking compliance statement

The Police and Crime Commissioner and the Chief Constable are committed to eliminating discrimination and exploitation in all its forms from the workplace and will not knowingly or otherwise be complicit in human rights infringements.

Slavery, servitude, forced or compulsory labour, including child labour and human trafficking and other human rights offences must be identified, tackled and prevented for the future.

The Office of the Police and Crime Commissioner and the Devon and Cornwall Constabulary embrace the obligations placed on organisations under section 54(1) of the Modern Slavery Act 2015 and understands they are vital in tackling and preventing modern slavery and human trafficking.

2. REVENUE STRATEGY

a. FUNDING FORECAST

The funding forecast provides a prediction of the level of funding across the timeframe of the MTFS.

	2019/20	2020/21	2021/22	2022/23	2023/24
<u>Grant Funding</u>					
Core settlement	103,497	115,993	118,893	121,865	124,912
DCLG Formula	63,466	63,466	65,052	66,678	68,345
Legacy CT Grants	15,461	15,461	15,461	15,461	15,461
	182,424	194,920	199,407	204,005	208,719
<u>Council Tax</u>					
Precept income	128,351	135,966	142,482	149,311	156,466
Surplus	1,328	1,391	1,200	500	500
	129,678	137,357	143,682	149,811	156,966
Total Funding	312,103	332,277	343,089	353,816	365,685
Tax base	604,629	613,456	624,192	635,115	646,230
Tax base Increase	1.4%	1.46%	1.75%	1.75%	1.75%
Band D	212.28	221.64	228.27	235.09	242.12
Council Tax Increase	12.75%	4.41%	2.99%	2.99%	2.99%

b. MAIN COMPONENTS OF THE REVENUE BUDGET

Category	Description	19/20 Agreed Plan £000's	20/21 Draft Plan £000's	21/22 MTFS Plan £000's	22/23 MTFS Plan £000's	23/24 MTFS Plan £000's
Pay & Employment Costs	Police Officer Pay	170,241	179,687	189,613	202,258	213,768
	Police Officer Overtime	6,285	7,073	7,285	7,504	7,729
	Police Staff Costs	74,130	81,761	86,549	89,647	91,872
	PCSO Pay	6,822	5,921	6,109	6,296	6,477
	Temporary or Agency Staff	100	50	50	51	52
	Police Staff Overtime	856	990	1,099	1,099	1,098
	PCSO Overtime	6	9	9	9	9
	Restructure, Training & Conference Costs	1,894	1,666	1,832	1,948	1,719
	Police Officer Injury/III Health/Death Pensions	1,981	2,110	2,240	2,371	2,504
	Other Employee Expenses	974	977	1,019	1,027	1,034
Pay & Employment Costs Total		263,289	280,244	295,805	312,209	326,262
Overheads	Premises Related Expenditure	12,349	14,563	14,693	14,822	15,106
	Supplies and Services	13,061	13,798	15,110	15,230	14,854
	Communications and Computing	13,988	14,250	15,478	16,024	16,232
	Transport Related Expenditure	5,157	5,712	6,278	6,530	6,556
	Third Party Payments	9,319	10,155	10,252	10,359	10,208
Overheads Total		53,874	58,479	61,812	62,964	62,956
Grant, Trading & Reimbursement Income	Government & Overseas Funding	(5,270)	(9,651)	(14,176)	(21,882)	(26,128)
	Interest/ Investment Income	(383)	(242)	(184)	(140)	(140)
	Local Government Specific/Partnership Funding	(25)	(21)	0	0	0
	Reimbursed Services - Other	(209)	(184)	(184)	(184)	(184)
	Reimbursed Services - Other Police Forces	(1,669)	(1,420)	(1,442)	(1,465)	(1,489)
	Reimbursed Services - Other Public Bodies	(6,514)	(6,966)	(6,882)	(6,875)	(6,873)
	Sales, Fees, Charges and Rents	(2,789)	(3,820)	(3,703)	(3,740)	(3,615)
	Special Police Services	(440)	(485)	(448)	(448)	(448)
Grant, Trading & Reimbursement Income Total		(17,299)	(22,789)	(27,018)	(34,734)	(38,878)
Capital Financing and Contributions	Loan Charges	1,381	1,619	1,691	1,978	1,978
	Minimum Revenue Provision	1,584	1,567	2,318	2,523	2,846
	Revenue Contribution to Capital	3,605	3,690	3,637	3,933	3,862
Capital Financing and Contributions Total		6,570	6,876	7,646	8,434	8,686
Transfers to / (from) Specific Reserves	Transfers to/from Revenue and Capital Reserves	513	3,994	(629)	(531)	1,186
Transfers to / (from) Reserves Total		513	3,994	(629)	(531)	1,186
Total Force		306,947	326,804	337,616	348,343	360,212
Office of the PCC		1,742	1,830	1,830	1,830	1,830
PCC Commissioning		3,413	3,643	3,643	3,643	3,643
Total OPCC		5,155	5,473	5,473	5,473	5,473
Net Revenue Expenditure		312,103	332,277	343,089	353,816	365,685
Funding		312,103	332,277	343,089	353,816	365,685

c. SCHEDULE OF KEY BUDGET ASSUMPTIONS

This schedule identifies the key assumptions used in the ongoing calculation of the 2020/21 budget and Medium Term Financial Strategy.

- Government Police Grant funding will increase by 7.5% in 2020/21, this includes Devon & Cornwall's share of the £700m allocated nationally for additional officers. Thereafter a 2.5 % increase annual has been assumed.
- Capital grant has been reduced nationally, with £296k now confirmed for 2020/21. Thereafter it is expected to remain static.
- Police pension's specific grant is assumed to continue throughout the MTFs at the same cash level as received in 2020/21.
- Council Tax will increase by £9.36 in 2020/21 for a Band D property, and 2.99% each year thereafter.
- The 2020/21 figures for tax base and Council Tax surplus along with future years assumptions are shown below. The previous year figures are included for context.

	2019/20	2020/21	2021/22	2022/23	2023/24
Annual increase in tax base	1.40%	1.46%	1.75%	1.75%	1.75%
Annual surplus on Council Tax collection funds	£1.3m	£1.4m	£1.2m	£0.5m	£0.5m

- Turnover on police officers takes into account officers leaving at their 30 year service date, plus an estimate for ill health retirements, transfers out and resignation
- A 2.5% pay award has been agreed for police officers and police staff from September 2019. The MTFs assumes that a 3% pay award will be applied on 01 September 2020 and 1st September 2021, and then 2.75% for both 1st September 2022 and 2023 for police officers and police staff.
- Police officer employer pension contributions have been assumed to be paid at 31.0% throughout MTFs period in line with the guidance following the recent actuarial valuation. The results of the next valuation are expected to be applied in 2023/24.
- Inflation has been applied only to budgets that are subject to inflationary pressures. Inflation on vehicle fuel has been applied at 2.5%, and utility costs is expected to be 10%. Actual CPI for December 2019, published on 15th January 2020, was 1.3%.
- Future investment income assumes an interest rate achieved of 0.75%. The current actual bank base rate is 0.75%
- The capital programme will be financed by capital grant, capital receipts and revenue financing through direct contributions, use of reserves and borrowing.
- The employer's current contribution to the police staff pension scheme, plus agreed contributions to deficit will be as set out below.

	19/20	20/21	21/22	22/23	23/24
LGPS Base Contribution	14.10%	16.30%	16.30%	16.30%	16.30%
Plus Repayment of LGPS Deficit (cash lump sum)	£2.113m	£0.522m	£0.522m	£0.522m	£0.522m
Estimated Total Cash Contribution	£10.8m	£11.4m	£11.8m	£11.9m	£12.2m
% of Staff Pay Budgets	16.50%	16.70%	16.50%	16.10%	15.80%

d. ANALYSIS OF CHANGES IN THE REVENUE BUDGET BETWEEN 2022/23 AND 2019/20

	20/21 £000's	21/22 £000's	22/23 £000's	23/24 £000's
2019/20 Budget	312,103	312,103	312,103	312,103
<u>Savings</u>				
PCSO Reduction Plan	(1,486)	(1,531)	(1,577)	(1,624)
Service Challenge	(300)	(300)	(300)	(300)
Other non staff savings	(960)	(960)	(960)	(960)
	(2,747)	(2,791)	(2,837)	(2,884)
<u>Pay and Inflation</u>				
Provision for Pay Increases	6,289	13,901	21,459	29,196
Increments / Officer Turnover	213	433	660	893
Inflation	1,489	2,434	3,399	4,383
Other Pay Changes	956	2,382	4,669	7,824
	8,947	19,151	30,187	42,296
<u>Changes in Use of reserves</u>	191	547	(65)	0
<u>Operation Uplift</u>				
Costs	5,018	13,334	21,480	23,816
Grant	(3,948)	(9,501)	(17,174)	(21,389)
Transfer to reserves	3,290	(1,880)	(1,410)	0
<u>Transfer of Capital Grant to Revenue</u>	832	832	832	832
<u>Existing Policy Commitments</u>				
Police Officer Recruitment Growth (3,050 to 3,100)	2,359	3,534	3,640	3,750
Additional Estates Costs	784	799	815	832
Air Support and Other Support Costs	703	717	731	746
ICT Costs	479	489	498	508
Demanding work payments	264	272	280	288
Restorative justice	230	230	230	230
Capital Financing	(600)	1,000	200	200
<u>Transfer of National Commitments</u>	852	873	895	918
<u>Policy Changes Agreed in Year</u>				
Police Officer Overtime	500	515	530	546
Data Management Project - Discovery Phase	232	0	0	0
Growth Posts - Safeguarding Posts	120	124	127	131
Growth Posts - Legal Services	72	74	76	79
Additional firearms licencing post	60	62	64	66
Growth Posts - Data Protection Team	57	59	60	62
Complaints Triage	38	39	40	42
Trial resilience and Support Programme (12 places)	16	16	17	17
Police Staff Investigators, further PIP2 accreditation	16	82	84	87
<u>Growth</u>				
Planned maintenance work	400	400	400	400
Summer policing	400	400	400	400
Blue light fund	300	300	300	300
Front desks	200	200	200	200
Customer contact	50	50	50	50
National Capability	60	60	60	60
Violent Crime Prevention	1,000	1,000	1,000	1,000
	13,974	14,627	14,363	14,171
Total Budget Requirement	332,277	343,089	353,816	365,685

e. INCOME FROM SALES, FEES, CHARGES AND RENTS

This analysis details the level of external income generated from sales, fees, charges and rents. The level of income generated is continually reviewed to ensure that all opportunities are optimised.

	19/20 Budget £000's	20/21 Budget £000's	21/22 Budget £000's	22/23 Budget £000's	23/24 Budget £000's
National Driver Offender Retraining Scheme	(1,035)	(1,715)	(1,757)	(1,800)	(1,841)
Firearms Certificates	(309)	(510)	(477)	(469)	(300)
Rents & Lettings	(421)	(330)	(330)	(330)	(330)
Accident Reports	(169)	(190)	(190)	(190)	(190)
Sale of Vehicles	(100)	(100)	(100)	(100)	(100)
Vehicle Recovery	(90)	(158)	(124)	(124)	(124)
Radio Masts and Equipment Hire	0	(66)	(66)	(66)	(66)
Foreign Nationals Registration / Pedlars	(65)	(56)	(57)	(59)	(60)
Stores External Income	(36)	(36)	(36)	(36)	(36)
Provision of Vehicle Services	(25)	(35)	(35)	(35)	(35)
Other Sales, Fees, Charges and Rents	(540)	(624)	(530)	(531)	(532)
Grand Total	(2,789)	(3,820)	(3,703)	(3,740)	(3,615)

f. STAFFING ANALYSIS

	2019/20 (FTE)	2020/21 (FTE)	2021/22 (FTE)	2022/23 (FTE)
<u>Police Officers</u>				
Opening Balance at 1st April	2,990	3,097	3,241	3,241
Precept funded change	60	50	0	0
Uplift numbers	47	94	188	141
Closing Balance at 31st March	3,097	3,241	3,429	3,570
<u>Police Community Support</u>				
PCSO	196	150	150	150
Blue Light	17	23	23	23
Estimated number of additional Blue Light		17	17	17
Total	213	190	190	190
<u>Police Staff (Force)</u>				
Opening Balance at 1st April	2,068	2,065	2,100	2,100
Change	-28	35	0	0
Rebase 2019/20	25			
Uplift	11	24	28	16
Closing Balance at 31st March	2,076	2,124	2,128	2,116
<u>Police Staff (PCC)</u>				
Opening Balance at 1st April	29	29	29	29
Change	0	0	0	0
Closing Balance at 31st March	29	29	29	29

g. REVENUE EFFECT OF TRANSFERS TO / (FROM) RESERVES AND BALANCES

	2019/20 Original £000's	2019/20 Revised £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
Programme and Projects Reserve	(979)	(979)	0	0	0	0
Estates Development Reserve	(230)	(230)	(482)	(242)	0	0
Capital Financing Reserve	750	750	750	750	750	750
ESN Capital Reserve	0	0	0	0	0	0
Budget Management Fund	0	0	0	0	0	0
Police and Crime Plan Reserve	0	(200)	0	0	0	0
Uplift Reserve	0	0	3290	(1880)	(1410)	0
	(459)	(659)	3558	(1372)	(660)	750
General Balances	972	972	436	743	129	436
	513	313	3994	(629)	(531)	1186

Detail of Earmarked Revenue Reserves

Programme and Projects Reserve

This is used for investment in ICT and technology improvements. These projects are held under the PRISM Transformational Portfolio and are designed to improve ways of works to increase efficiency and productivity within operational policing.

Estates Development Reserve

This is used to fund the costs of rationalising and developing the estate. Including feasibility work, planning applications, consultancy costs and project management.

Capital Financing Reserve

To fund capital programme

Emergency Services Network (ESN) Capital Reserve

To fund capital costs associated with the implementation of ESN

Budget Management Fund

Carry forwards from previous years are put to this fund before being brought out in the subsequent years.

Police and Crime Plan Reserve

For delivery of the Police and Crime Plan priorities

Uplift Reserve

To facilitate infrastructure changes required to recruit Year 2 and Year 3 uplift officers.

General Balances

Not an earmarked reserve. Used to mitigate against unknown or unexpected events that occur and that cannot be accommodated within the revenue or capital budgets.

3. RESERVES AND BALANCES SUMMARY

	Revenue Reserves									Total Capital Reserves £000's	General Balances £000's	Total Reserves and Balances £000's
	Programme and Projects Reserve £000's	Estates Development Reserve £000's	Capital Financing Reserve £000's	ESN Capital Reserve £000's	Capital Programme Reserve	Budget Management Fund £000's	Police and Crime Plan Reserve £000's	Uplift Reserve £000's	Total Earmarked Reserves £000's			
Closing Balance 31/3/2018	1,584	1,204	23,803	2,520	8,214	502	545	0	38,372	3,758	11,653	53,783
Closing Balance 31/3/2019	203	954	23,978	2,520	8,014	221	1,027	0	36,917	0	8,808	45,725
Closing Balance 31/3/2020	0	724	16,297	2,520	2,749	221	827	0	23,338	0	9,765	33,103
Closing Balance 31/3/2021	0	242	14,266	2,520	1,749	221	827	3,290	23,115	0	10,201	33,316
Closing Balance 31/3/2022	0	0	9,565	0	187	221	827	1,410	12,210	0	10,944	23,154
Closing Balance 31/3/2023	0	0	4,191	0	0	221	827	0	5,239	0	11,073	16,312
Closing Balance 31/3/2024	0	0	0	0	0	221	827	0	1,048	0	11,509	12,557

4. COUNCIL TAX INFORMATION AND PRECEPT

	2020/21	2019/20
	£	£
Police Budget to be met from Council Tax	137,357,247	129,757,346
Less net surplus on council tax collection from previous years	(1,390,768)	(1,327,534)
Total precept payable by Billing Authorities	135,966,479	128,429,812

Tax base, collection variations and precepts					
	Tax Base declared by Councils	Total Precept collected by Councils	Surplus (Deficit) on collection	Amount due from Councils	% share collected by Councils
	£	£	£	£	
East Devon	60,141.00	13,329,651.24	123,350.11	13,453,001.35	9.80%
Exeter	37,348.00	8,277,810.72	150,132.20	8,427,942.92	6.14%
Mid Devon	29,040.56	6,436,549.72	90,313.71	6,526,863.43	4.75%
North Devon	34,569.45	7,661,972.90	65,664.85	7,727,637.75	5.63%
Plymouth	74,603.00	16,535,008.92	156,132.00	16,691,140.92	12.15%
South Hams	38,508.49	8,535,021.72	55,000.00	8,590,021.72	6.25%
Teignbridge	49,714.00	11,018,610.96	55,197.00	11,073,807.96	8.06%
Torbay	46,274.88	10,256,364.40	306,000.00	10,562,364.40	7.69%
Torrige	24,333.26	5,393,223.75	37,253.00	5,430,476.75	3.95%
West Devon	20,271.71	4,493,021.80	47,000.00	4,540,021.80	3.31%
Cornwall	197,359.36	43,742,728.55	309,000.00	44,051,728.55	32.07%
Isles of Scilly	1,292.70	286,514.03	-4,275.00	282,239.03	0.21%
	613,456.41	135,966,478.71	1,390,767.87	137,357,246.58	100.0%

Police element of Council Tax due for each Property Valuation Band						
Valuation band	Government multiplier		Council Tax by band		Increase per week	%
	Ratio		2020/21	2019/20		
A	6 / 9	0.667	£147.76	£141.52	+ 12.0 p	4.41%
B	7 / 9	0.778	£172.39	£165.11	+ 14.0 p	
C	8 / 9	0.889	£197.01	£188.69	+ 16.0 p	
D	1	1.000	£221.64	£212.28	+ 18.0 p	
E	11 / 9	1.222	£270.89	£259.45	+ 22.0 p	
F	13 / 9	1.444	£320.15	£306.63	+ 26.0 p	
G	15 / 9	1.667	£369.40	£353.80	+ 30.0 p	
H	18 / 9	2.000	£443.28	£424.56	+ 36.0 p	

5. CAPITAL PROGRAMME

CAPITAL PROGRAMME	Revised 2019/20 £000'S	2020/21 £000'S	2021/22 £000'S	2022/23 £000'S	2023/24 £000'S
Vehicles	2,199	2,526	2,425	2,425	2,425
Minor Building Works	1,544	1,750	500	500	500
Major Building Works					
Exeter Criminal Justice Centre and Strategic Policing Hub	16,676	0	0	0	0
Bodmin Custody/Cornwall HQ	0	200	8,000	5,000	0
Camborne	345	1,245	33	0	0
Executive Suite	200	0	0	0	0
HQ Gym/Boiler	2,200	0	0	0	0
Liskeard	1,513	0	0	0	0
Okehampton	150	2,250	6,100	0	0
SSU (South West Forensics)	0	450	250	0	0
TOTAL Major Works	21,084	4,145	14,383	5,000	0
ICT					
RMS	2,672	2,178	158	176	136
PRISM	4,128	3,091	1,065	277	49
ICT	2,697	3,806	4,238	2,990	4,447
National Projects	150	588	400	400	0
ESN	0	0	2,579	4,647	2,171
Equipment	301	948	2,068	365	365
TOTAL PROGRAMME	34,775	19,032	27,816	16,780	10,093
CAPITAL FUNDING	19-20 £000'S	20-21 £000'S	21-22 £000'S	22-23 £000'S	23-24 £000'S
Grants	1,128	296	296	296	296
TAF Funding & Other Grants	83	450	250	0	0
Capital Financing Reserve	7,655	2,781	5,451	6,264	4,921
Capital Receipts & Asset Disposal	0	7,320	0	1,100	0
Revenue Funding	3,661	2,784	2,923	2,882	2,927
Direct revenue funding diverted from RCCO	0	906	714	1,051	935
ESN Reserve	0	0	2,520	0	0
Capital Programme Reserve	5,265	1,000	1,562	187	0
Borrowing	16,983	3,495	14,100	5,000	1,014
Total Capital Funding	34,775	19,032	27,816	16,780	10,093